NOTE ON INDIAN FISCAL POLICY AND IMPERIAL PREFERENCE

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The subject will be considered firstly as it affects India in General and secondly in regard to its application to Indian States with special reference to the conditions in Mysore. I shall begin by summarising the general - principles bearing on the questions raised and then touch on such special points as might require further elucidation. I have added in an appendix statements giving the statistical information on which my conclusions are based.

II. THE NEED FOR SPECIAL PROTECTION OF INDIAN INDUSTRIES

2. England, though it has attained under a system of unrestricted competition in the home and foreign markets considerable supremacy in trade and manufactures, has latterly found it necessary to modify its policy to a certain extent, when actively opposed by the commercial rivalry of nations that have built up their industrial system on a basis of protection. It is now generally admitted even in England that the doctrine of free trade cannot be accepted here without qualification. As far as India is concerned, it cannot be denied that the policy of free trade has been of benefit to it in the past while its capacity for industrial production was latent. Aided by the improvements in communications and facilities for transport - though these are still far from adequate - it has been able to produce and supply in increasing quantities raw materials in great demand in the manufacturing countries of the West. Statistics however show that its commerce has increased mainly in two directions viz. exports of raw materials and imports of manufactured articles, the result being that the bulk of the population has been drawn more and more into the pro-

Present Indian conditions require a modification of the doctrine of free - - trade.

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production and extraction of raw materials. Agriculture itself has not undergone much improvement owing to the absence of the impetus which the presence of manufactures - - would have given to it. In these circumstances, it is of essential importance to provide the people with a greater diversity of occupations in order to impart more economic stability to the country. It is therefore imperative that Indian Commercial policy should with this view be directed more and more towards promoting the utilisation of raw - - materials for manufacturing purposes in India itself and that the tendency towards the increased import of manufactured articles and the export of raw materials should be checked.

3. It has been urged with some force that as India now supplies much agricultural produce and many raw materials essential for industrial production to other parts of the world the development of manufactures may to some extent affect the occupations of its rural population and unsettle the market for its products. India's geographical position and resources however render it possible for her to improve her industries without sacrificing the interests of her rural population or her markets, as less than half the labour now employed in Agriculture is sufficient with more efficient methods to raise the present produce, while the commodities it exports are in keen demand in various parts of the world. Moreover the expansion of industries over a vast continent like India with its low level of education and enterprise being likely to be slow and can be accomplished without affecting agricultural production nor causing any violent economic unsettlement.

Development of Industries possible in India without serious economic upheaval

4. The War has shewn how new industries can be developed in India even under a partial protection afforded by the stoppage

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of imports from other countries. Among other examples, I may mention the manufacture of Sandalwood Oil, the development of the Soap industry in Mysore, manufacture of machinery for the Jute and Tea industries, caustic soda, thymol, silica bricks &c. Many of the Industries that thus came into existence have already begun to feel the effects of competition from abroad and some of them cannot survive without protection.

Influence of the War on the development of Industries.

5. Though conditions in India are such that in course of time it may be able to produce most of the commodities required by the people it will not be possible to make it entirely self-dependent in the course of a generation. We should therefore first concentrate on Industries for which the country offers the best scope and which are calculated to meet the primary requirements of the people. Infant Industries for which the natural resources of the country are best adapted should be ~~first~~ immediately chosen for protection until they become able to take root against foreign competition.

Protection to Infant Industries

III. METHODS OF PROVIDING INDIAN FINANCIAL NEEDS AND the LEVY OF PROTECTIVE DUTIES.

6. Progress involves a steady increase of public expenditure. Even with the utmost retrenchments India's requirements for its growing expenditure will therefore demand the provision of new sources of revenue. It is a well recognised fact that the scope for any further increase in direct taxation in India is very limited and additional taxation has therefore mainly to be derived from indirect taxes such as customs and excise. At present both these duties are imposed for purposes of revenue. Even though a new principle of protection is now ~~exposed~~ introduced it will be impossible to divest customs duties of their fiscal character the only difference being that the protective duties should be first imposed according to the conditions

Protective and Fiscal Duties

conditions prevailing from time to time the amount of pure -ly fiscal duties being fixed thereafter.

7. Protective duties should be levied on the following principles -

Principles on which protective duties may be levied :

a) The Industry is one that is capable of being established by protection and is either essential to national security or is such that the natural and other re -sources of India are likely to favour its rapid growth.

b) As between new Industries and established industries protective duties should be imposed primarily for the development of new industries but there would be no objection to impose them in connection with established industri -es where such a measure is necessary in order to organise the Industry on a larger scale to provide India with the bulk of its requirements.

c) It is not desirable to impose such protective duties in the case of agricultural produce used as food stuffs nor is it necessary in India. A small export duty may be levied on cereals and pulses such as wheat, rice, gram &c to ensure that only the surplus that remains after satisfying Indian requirements is exported.

d) Such protective duties should not be applied to any - necessaries of life unless they can be produced locally so as to meet gradually the bulk of the demand, and any increase in price due to the duties will be only of a temporary - - character.

e) The amount to be levied in each case will depend upon the importance of the industry the difference in the initial cost of manufacture and the manner in which the price of the article imported is fixed. The duties imposed should not be such as would raise the price too high or give an artificial advantage to a few manufactures and only the minimum necessary to enable the industry to withstand competition - should be levied.

f) The aim should be to give protection only so long as the

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the industry cannot thrive in the face of foreign competition. The duties should be decreased or removed as soon as the Industry can withstand free competition.

g) Where the industry is likely to be localised bounties are preferable to protective duties. Such bounties may be given also as protection against dumping.

h) In the case of articles in which India has more or less a monopoly or it is in a position effectually to control the supply to other countries, such duties may be imposed even on exported articles as they will either fall on the consumer or promote the export of the article only after passing through a process of manufacture.

i) The power to impose protective duties implies the possession of fiscal autonomy and it would be necessary to allow complete freedom to India in regard to fiscal matters if the duties are to be applied with advantage.

8. On the principles set forth in para 5 above the commodities to which protection may be immediately applied will not be numerous but as the manufacturing power of India is gradually developed it may be necessary to vary them from time to time until a stage is reached when India should be able to deal with other advanced countries on equal terms. Among metals, Iron is the most important from the manufacturing point of view and countries that are able to produce it occupy a leading place in manufactures. India possesses ample resources to be able to develop an Iron industry of its own capable of satisfying all its requirements. Though protective duties may raise its price for a time and increase the cost of railway and other projects, yet, the advantages of making India self-dependent in regard to this primary requisite of manufactures are so important that Government is bound to stimulate its production by every possible means affording it such protection as may be needed for the purpose. The

Commodities in whose favour protective duties may be imposed.

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The duty in this case may be fixed at 5 per cent ad valorem agricultural machinery being exempted, a reduced duty being levied in the case of Railway plant and rolling stock. The manufacture of sulphuric and other acids, alkalis and fertilisers is of paramount importance to the country and it is necessary to foster their manufacture also by special protective duties. India imports large quantities of - material used in building industries such as cement, bricks tiles, granite and marbles and paints. These articles are now manufactured in India to a certain extent but the production is capable of unlimited increase. All these commodities enjoy indirectly a large amount of protection due to the heavy cost of transport of the imported articles but as they supply many essential wants no effort should be spared to foster the further development of these Industries with due allowance to the factors in their favour. Other articles on which such protective duties may be imposed are cotton, silk, woollen, rubber and leather goods, sugar, - glass, porcelainware, cutlery, paper pulp and paper, gold thread, matches, chemicals and medicinal drugs that may be locally prepared, oil products that local industries may manufacture including soaps and candles and paints and varnishes.

The need for the immediate development of an Indian Mercantile marine.

9. It would not be easy to foster the development of a country capable of so much foreign trade unless it has a mercantile marine of its own. It is unnecessary to recount the causes that have led to the failure of many previous attempts to encourage indigenous shipping in India or how jealously other countries guard against encroaches into shipping by a system of - bounties or penal rates. The creation of an Indian Mercantile marine has a preponderant claim in regard to facilities to be provided for an all round development and it should be fostered to the utmost extent possible by bounties and - special concessions to goods carried in Indian bottoms.

Bulk

10. As has been repeatedly pointed out there is no use in aiming at industrial development if systematic efforts are not made to provide skilled superintendence and efficient labour to promote technical training and research and ~~pro-~~ supply ~~vide~~ the people with the necessary help and information for developing industries. Agriculture should also be simultaneously given facilities for improvement and development especially cheap credit. The Co-operative Credit movement has been of great help to the agriculturists but it has its own limitations and a scheme of agricultural finance on a brodder basis with some system of land mortgage and Agricultural Banks is an urgent necessity and should have a prominent place in the financial machinery of the future. Side by side with the imposition of protective duties therefore, an attempt should be made to improve the powers of production of the country as a whole by greater attention to agricultural development, by educating the people, by promoting technical training, by developing ports, harbours waterways, railways, means of communication &c and encouraging indigenous shipping so that the conditions of production may be brought up gradually to the level of other more advanced countries.

11. So far as India is concerned it would be an advantage to it to get all commodities that it is not able to manufacture, as cheaply as possible and precautions against dumping will be necessary only either when it is aimed at any particular industry already existing or at one that is likely to be established ~~in India~~ or there is a general plan to prevent the development of or capture industries which there is a reasonable prospect of developing in India.

D U M P I N G

12. For a long time to come hand industries will continue to retain their importance in our national economy. The bulk

bulk of the people live in villages and as agriculture cannot provide them all with subsistence these industries are necessary to promote the general well-being. Moreover they have the same influence as peasant proprietorship in encouraging a feeling of independence and self-respect, and creating a freer life than is to be found in factories. It is therefore necessary to assist these industries as far as possible to maintain themselves in the face of both home and foreign competition. In the case of weaving coarse and very fine counts and silk fabrics and cheap woollen kamblis, experience has shown that the weavers can compete successfully against machine made goods. The removal of excise duties on cotton will prejudicially affect the weavers of coarse counts for sometime. The instability of the Industry however is not due so much to the competition of the mills ~~but~~ as to inadequate organisation and inability to market the articles on the part of weavers. If systematic attention is paid to the improvement of the condition of the weavers and assistance given to them to use improved appliances and to obtain their raw materials and sell their products without the intervention of rapacious middlemen, they will be able easily to stand their grounds. In the case of hand industries therefore assistance should be given only to organise the Industry efficiently but should not take the form of any bounties direct or indirect.

Hand industries to be specially fostered and helped to organise themselves efficiently.

13. Having regard to the advantages India would possess for manufactures under a protective system some of the foreign firms which depend for their custom on the large market the country affords may be induced to start the industries under the altered conditions here. It would be an advantage for more and more manufactured goods to be produced in the country itself whether by local or foreign agency, but

Precautions against foreign enterprises taking advantage of Indian Protective duties to assist indigenous enterprise and exploiting the country.

but precautions have to be taken where such concerns are established by foreign agency, their superior combination and resources are not used to crush indigenous enterprise. Industrial development in India requires that the people should have adequate facilities to obtain training in - - factories. When these are under ~~the~~ foreign control there will be the same difficulty for Indians to secure admission into them to be trained as there is in factories outside India. No special concessions should be usually ~~given~~ granted to foreign firms and concessions when given should be carefully watched. As the object is to promote the development of the resources of India in order to increase the earning - power of the people it is necessary to place restrictions in the way of concerns that are established merely to exploit the country and encourage them only if they are prepared to assist Indian development by employing a part of the profits in the country and train Indians as far as possi -ble. A rule should be made that in the case of foreign enterprises a percentage of the capital should be raised in India and a certain proportion of the shareholders should be Indians. In the case of concerns formed for developing coal and mineral resources and foreign enterprises for the cultivation of commercial crops on a large scale the grants should be for limited periods, the duration being sufficient -ly long to allow of an adequate return being obtained from the capital invested. The chances of large trusts or similar capitalistic combinations coming into existence in - - India even under a system of protection and their being - able to control prices to the prejudice of the people seem at present remote and the contingency may for the present be left out of consideration.

IV. EFFECT OF PROTECTION ON PRICES AND CONSUMERS

As it is proposed to confine protective duties only

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to the case of such manufactures as may be established with advantage in India on a sufficiently large scale and the - bulk of the export trade consists of raw materials which other countries cannot do without the imposition of protective duties on the limited scale proposed is not calculated to affect foreign trade very much while on the other hand the development of its own home market will benefit the country.

Protective duties on articles properly selected will not raise prices permanently and will benefit the country by increasing employment.

14. Protective duties may temporarily add to the price, but if the industries has been properly selected the advantages of cheaper raw materials and labour charges, - - savings in transport would lessen the cost of production and the increased employment provided for the people and other gains due to increase of local production would readjust the price to the benefit of the country.

15. Every country now uses tariffs for retaliatory purposes. With the exception of machinery and manufactured goods of certain classes that could mostly be produced in India, she is very little dependent on foreign countries and the tariffs will give her a decided advantage in developing her commercial policy as she can apply them to raw materials much needed by other countries. Protective duties may now be levied as special tariff on - selected articles. In case India has fiscal autonomy it may be to her advantage to arrange for preference on the principles of the favoured nation treatment.

Possibilities of retaliation against Indian export not serious.

V. THE POSITION OF MYSORE AND OTHER INDIAN STATES IN THE SCHEME OF TARIFF REFORM.

16. I have now expressed my general views on a tariff policy for India. Though the country taken as a whole would benefit by a system of protection and the Indian States would - get many indirect advantages from such development, their -

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own fiscal interests are however opposed to any increase of indirect taxation in British India that falls on their people without their being able to share in its benefits.

Increase in indirect taxation in which Indian States do not participate opposed to their interests.

17. The total amount of import and export duties excluding the excise duties on cotton manufacture collected at the British Indian ports has risen from Rs 689 Lakhs in 1908-1909 to Rs 2,826 Lakhs in 1920-21 during the rise in the last quinquennium having been more than double. Taking the case of Mysore it has been calculated that the people of the State contribute roughly Rs 56 Lakhs to the British customs being the proportionate amount levied on articles consumed in Mysore which represents roughly about 20 per cent of the total revenues of the State. No share in these customs is now given to the State though it makes an independent contribution of Rs 35 Lakhs per annum for the protection it receives from the British Government and also other indirect contributions such as profits of currency &c amounting to another Rs 15 Lakhs.

Income from import and export duties has risen more than fourfold in the past 12 years and has doubled in the last quinquennium. Mysore contributes to indirect taxation in British India irrespective of the subsidy amounts to more than 25 per cent of its total revenues.

18. At present it is only States that lie on the seaboard such as Baroda, Porbunder, Travencore and Cochin or beyond the limits of British India viz. Kashmir to which goods are consigned in bond that participate in customs. Travencore levies in addition export duties on some of its articles of export such as Cocoanutsand their products, tea, pepper, jaggery, arecanut, tamarind and salt fish &c.

Indian States that now participate in customs duties.

19. Most of the States used to levy transit duties which have now been abolished as detrimental to the free movement of trade. The income from such transit duties used to amount

amount to nearly 10 to 11 Lakhs of rupees per annum in Mysore and though some of the articles on which these - duties were levied were such that the burden could be shifted to the consumers being produced chiefly in Mysore, the duties were abolished in order to remove any possibility of restriction on trade. It has been well pointed out that in so far as customs duties paid by the Indian States which have no opportunities of spending them for the benefit of their subjects are concerned they take more or less merely the nature of transit duties and conflict with one of the fundamental principles in regard to their incidence in so far as they are collected - from the people who derive no direct benefit from them.

States have not been compensated for the abolition of transit duties. Customs duties in their general operation on Indian States have the same effect as transit duties.

20. The extraordinary elasticity of the customs revenue has resulted in a steady increase both in the rates of general tariff and duties on selected articles and as this increase is of no direct advantage to most of the States - concerned, the growth of revenue from this source which is determined mainly by the needs of the central Government is viewed with much concern by Indian States in general.

21. The inability to derive any benefit from indirect - taxes naturally handicaps States having a progressive administration in providing funds required for public expenditure. For instance in Mysore in addition to a subsidy where the State makes a - further contribution of more than 25 per cent of its revenues indirectly to the various sources of indirect taxation in British India that fall on the people of Mysore the want of these resources of taxation has greatly embarassed the State in providing adequate funds to cope with the increasing demands for the discharge of even such essential functions as overcoming the extreme backwardness of the people in agriculture industries and commerce, spreading - education

Development of Indian States hampered by loss of this important item of revenue.

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education, decreasing death-rate, improving sanitation, Water-supply &c. Even though it would be possible for the State to levy export duties on certain articles which being produced under conditions of special advantage in the State, the tax could be shifted to the consumers in - British India and foreign countries such as silk, copra now used chiefly for edible purposes, arecanuts, hides, tanning materials, fruits, minerals &c and an import duty on articles of luxury such as tobacco, it has hesitated to adopt the measure as being surrounded on all sides by - - British ~~India~~ Territory, the people have already to bear their share of all customs duties in India and such further duties unless there is a certainty that it would be shifted to the consumers might become an additional impost on the people.

22. The claim of Indian States to a proportionate share of such revenue and the desirability of allowing them to impose separate export and import duties either to meet their own fiscal requirements or for the development of their own industries consistently with the interests of Indian trade as a whole deserves careful consideration and no fiscal reform will be complete unless suitable provision is made to protect the special interests of the Indian States. Even from the point of British Indian interests the policy of imposing a drain on the resources of such States without any corresponding advantages is calculated to react on the development of India as a whole.

Improvements in Fiscal Reform cannot be effected - without reconciling the claims of Indian States to a proportionate share of - customs revenue.

23. Indian States also feel that their development is - unnecessarily hampered by their interests being treated as subordinate to British Indian interests real or supposed - even in matters pertaining to their own internal development that they have no influence over fiscal and other policies of

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of the Government of India even when these affect their vital interests and that an all round Indian development is not possible if their special interests are ignored and their co-operation is not enlist-ed.

Additional handicaps to developments in Indian States.

24. The State suffers greatly from its remoteness from good harbours and though the interests of trade in Southern India as a whole will be promoted by the development of a harbour near its frontier viz., Bhatkal, the scheme has not yet received the necessary support on various considerations. Indian Railway Policy is too narrow and dominated by vested interests to give the needed impetus to the proper development of the country and in the case of the Indian States their interests are altogether ignored. The existing Railway system in the State does not coincide with the natural arteries of trade in the central portion of the southern half of the Peninsula, for instance, a through route between Bombay and Colombo is absolutely necessary which will be provided if the Nanjangud-Erode Section is completed and a connection between Bangalore and Hosur, and Chitaldrug and Rayadrug will join its railway system to the bordering British Districts, while the want of several other lines cuts it off from its natural outlets into the sea. These extensions are opposed by vested ---- interests with the result that the trade is forced into unsuitable channels leading to much loss. It is needless to dwell on the serious economic waste caused to the State when the bulk of its trade is handled in distant ports over which it has no control and its own merchants are thus deprived of a connection with its own commerce.

Requirements of Mysore

Large quantities of chrome, manganese, magnesite, mica, asbestos, corundum and other minerals are now exported from the State and though it has the advantage of cheap electric power and can develop an Industry in the products

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owing to its fiscal disabilities it has not been able to - reduce the export of these raw materials while its unfavourable position in the Railway system has deprived it of a substantial portion of its profits even when the commodities are exported in an unmanufactured state.

25. So far as Mysore is concerned its interests require recognition therefore in the following respects -

Rights of the Mysore State in connection with Indian Fiscal reform

1) It should be consulted before any changes in fiscal policy likely to affect its interests are effected and its industries allowed to participate on equal terms in any policy of protection that may be adopted.

2) It should be given a share in all customs duties equivalent to the amount levied on commodities consumed in Mysore to enable it to provide the funds needed for creating more facilities for trade by land and sea, and for the development of its resources.

3) It should be allowed the benefit of all exemptions given to British Indian Governments in regard to materials imported for public purposes.

4) It may levy export duties on commodities of which it enjoys a monopoly ~~enjoyed by other parts of India~~ such as copra coffee, spices, arecanut, silk, hides and skin, and tanning materials, forest products, minerals &c when such additional taxation is required for its fiscal purposes or for the development of its industries preference being given to such - commodities the imposts on which may be shifted to foreign consumers.

5) It should also be assisted whenever necessary in the development of an Industry for which it is particularly suited by the levy of a general protective duty in case such Industry satisfies the general conditions under which such duties are imposed. In addition to commodities it shares with - other parts of India it requires special duties on the - -

the export of Sandalwood for the protection of its Sandal -wood Oil Industry and for its manufacture of Charcoal, pig iron, wood distillation products, soap, raw materials for essential oils, lac, nux vomica and other forest products.

6) As I have emphasised in more than one place measures for the promotion of industries will not have much effect unless the general conditions that influence the development of industries such as shipping, transport and other facilities are simultaneously improved. The interests of the State should receive full consideration in this respect and its powers for the complete development of all its resources should be absolutely unfettered.

7) The State should be represented on any body that may be appointed to watch the effects of fiscal policy on - Industry and Trade.

26. If the claim of Indian States to participate in the customs contributed by them is recognised there should be no difficulty in devising a simple method to levy it without inconvenience or loss by any one of the numerous ways suggested for the purpose i.e. either by a system of sending the goods in bond or of drawbacks or division according to population or in proportion to public revenues or - - public expenditure. I am in favour of the last method.

Collection of customs duties due to Indian States after claim is recognised.

VI. ORGANISATION FOR INVESTIGATING THE CLAIMS OF INDUSTRIES.

27. If a protective tariff is to be judiciously applied it is absolutely necessary to provide an organisation - that will study the course of trade, watch the effects of such rates within India and elsewhere and propose the imposition or the abolition of new protective duties as the case may be. The organisation may consist of one - -

representative

A number of unpaid

representatives from each of the Chambers of the Imperial Legislative Council, the Chamber of Princes, two representatives of Industries and Commerce at least one of - whom should be an Indian selected from the various Presidencies with a special representative from the commercial capitals such as Bombay, Calcutta and Rangoon and a representative from the important Indian States. For local investigation a smaller organisation may be provided in each Presidency which will submit proposals to the Central Body.

VII. EXPORT DUTIES

28. As regards export duties, the articles have now been mainly selected on account of the full or partial monopoly - that India enjoys on account of the demand for such commodities from foreign countries which enables it to levy a tribute from the foreign consumers. The scope for increasing them is limited by the fact that unless confined to the articles for which the demand in other countries is such that it can bear the additional impost they have a tendency to diminish the volume of trade. I am not therefore in favour of the levy of any protective export duties to any material extent unless it is possible to stimulate the use of the commodity for manufacturing purposes within India and - - cheapen the articles for Indian customers or force the - country using the raw material to use the manufactured - article. This would be very difficult, for example, though India exports larger quantities of bones and hides that are used largely for manufacture in Europe it is not possible to supplant these industries as they are highly specialised and they require a very high degree of technical skill. It is therefore desirable to continue to levy these duties on the existing principles: Mysore supplies the largest - - quantity of tanning materials. It produces raw silk on a

Export duties to be levied only on articles for which there is a full or partial monopoly.

large scale. Its forests abound in articles from which valuable fibres or essences or drugs may be extracted. All these may be worked more or less on the principle of partial monopoly I have mentioned above if the supply is properly controlled by mutual agreement between the neighbouring Provincial Governments and Mysore. In my opinionas I have already explained fully in dealing with similar raw materials from Mysore some restriction should be imposed on the export of these commodities as they can be made to lead to the establishment of important industries.

B. IMPERIAL PREFERENCE

29. The weight of opinion appears to be that so long as India does not enjoy fiscal autonomy no scheme of Imperial Preference is likely to be of advantage to it. More than

Difficulty to devise any scheme of Imperial Preference likely to benefit India.

60 per cent of the exports of India under normal conditions are taken by countries outside the Empire while India gets nearly 70 per cent of its imports from the British Empire. Thus India practically buys from foreign countries only what the United Kingdom cannot supply and exports to them what the British Dominions cannot consume. The aim being to develop manufactures in India the conditions are such that England is one of the principal countries against which some measure of protection will have to be devised and -- India cannot afford a diversion of its trade and run the risk of losing ~~hold~~ half of its markets by joining in a scheme of preference. In these circumstances as has been rightly pointed out preferential trade will only mean an unnecessary sacrifice of corresponding revenue and enhancement of the price of articles supplied by foreign countries. There is no doubt a great deal to be said in favour of the ideals regarding the consolidation of the empire and making it self-sufficing but owing to the peculiar position of the Indian Government and the people, it is

difficult

...cult to evolve any scheme in which the sacrifices it will be called upon to make, will not outweigh the advantages. No definite opinion can therefore be expressed unless the details for a scheme of Imperial preference have been worked out for all the component parts of the Empire including India and it is not known what extent of India would be able to adjust its own fiscal system and assert its individuality. The position of the Indian States in such a scheme of Imperial Preference has also to be considered for though it might be to their advantage to have the benefits of the scheme if India joins in it, cases in which their own interests might conflict with the general arrangement would frequently occur and their place in and relations to such a scheme have to be carefully settled.

CONCLUSION

80. As I am not directly engaged in manufacture or the export or import business or the retail trade and my knowledge of the conditions is due to my association with the Department and the manufacturers and the business men of the State — I do not propose to enter into further details here. I have in the previous paras referred fully to Industries in Mysore that need protection and explained how the interests of its trade may be promoted and how the present policy in regard to the imposition of export and import duties in which the State has no share has been adversely affecting its development.

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